

BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the Matter of)
)
Blue Cross of California,)
) File NO. 933-0303
)
Respondent) CEASE AND DESIST
) ORDER
)

TO: BLUE CROSS OF CALIFORNIA
21555 Oxnard Street
Woodland Hills, CA 91367

and

120 South Via Merida
Thousand Oaks, CA 91362

THE COMMISSIONER OF CORPORATIONS HEREBY FINDS THE FOLLOWING:

1. Blue Cross of California ("Respondent") is the holder of a license issued pursuant to the Knox-Keene Health Care Service Plan Act of 1975 ("Knox-Keene Act"), (California Health & Safety ("HS") Code §§1340 et seq.) issued by the Commissioner.

I

2. **HS § 1352 (b)** provides:

Prior to any material modification of its plan or operations, a plan shall give notice thereof to the commissioner, who shall, within 20 business days or such additional time as the plan may specify, by order, approve, disapprove, suspend, or postpone the effectiveness of any such change, subject to Section 1354.

3. On March 18, 1999, Respondent sent a letter to approximately 120,000 enrollee members of Blue Cross of California assigned to provider groups affiliated with MedPartners, Inc., and/or MedPartners Provider Network, Inc., informing them that the enrollee and their eligible dependents were being assigned to a new provider group other than the provider groups affiliated with MedPartners, Inc., and/or MedPartners Provider Network, Inc., and would be transferred effective March 18, 1999.

4. Respondent is required to file a material modification pursuant to Section 1352(b) with the Department to demonstrate that the assignment of enrollees to a new contracting provider group and or an existing contracting provider group would provide reasonable geographic and timely access and availability and continuity of care for the full range of basic health care services to their enrollees as required by the Knox-Keene Act.

5. Respondent has failed to file a material modification as of the date of this Order. Respondent has violated HS §1352(b) by its actions.

II

THE KNOX-KEENE ACT AUTHORIZES APPROPRIATE REMEDIAL ORDERS

Health and Safety Code Section § ("HS") 1391 states, in relevant part:

The commissioner may issue an order directing a plan, solicitor firm, or any representative thereof or solicitor to cease and desist from engaging in any act or practice in violation of the provisions of this chapter.

THEREFORE, pursuant to HS 1391, **THE COMMISSIONER HEREBY ORDERS BLUE CROSS OF CALIFORNIA TO CEASE AND DESIST** from further violations of HS § 1352 (b). In addition, BLUE CROSS OF CALIFORNIA is ordered to cease and desist from:

assigning enrollees and their eligible dependents to a new contracting provider group and/or an existing contracting provider group without first having filed and received approval from the Commissioner for a material modification as required by Section 1352(b) of the Knox-Keene Act.

This order shall be **EFFECTIVE IMMEDIATELY** and shall continue in full force and effect **UNTIL FURTHER ORDER OF THE COMMISSIONER.**

DATED: March 22, 1999 at Los Angeles, California

William Kenefick

Acting Commissioner of Corporations

By _____
ALAN S. WEINGER
Supervising Counsel